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August 20, 2007

Rebecca DoLittle
Assistant Field Manager
Bureau of Land Management
Moab Field Office
82 East Dogwood
Moab, Utah 84532

Rebecca DoLittle:

Re: Notice of Maintenance Activities for Three Ventholes Associated with the Pandora and LaSal/Snowball Mines.

This letter is to serve as notification that Denison Mines (USA) Corp. will be performing maintenance operations on two ventholes within the existing disturbed area for the Pandora and LaSal/Snowball mines and bonded with the Utah Division of Oil Gas and Mining, permit numbers M/037/012 and M/037/026. In addition, a third vent hole that has been backfilled and will be reopened to provide ventilation to the Pandora Mine.

In the case of vent holes, historically separate ownership and permitting, and the current interconnection of mine workings obscures the identification of individual vents with specific mine permits; therefore, the vent holes have been assigned (for purposes of estimating reclamation surety) to the permit that was most convenient as shown below. Denison Mines is not currently operating at the LaSal/Snowball; however, ventilation is required for existing, permitted and approved operations at the Pandora Mine. When operations commence at the LaSal/Snowball Mine, the BLM and UDOGM will be notified prior to the commencement of operations. The ventholes to undergo maintenance activities and to be reopened are permitted and located as follows:

Unnamed Vent #7 (Pandora Mine) – located in the northeast quarter of northwest quarter of Section 1, Township 35 South, Range 11 East, San Juan County, Utah.

Snowball #5 Vent (LaSal/Snowball) – Located in the northeast quarter of the northeast quarter of Section 1, Township 35 South, Range 11 East, San Juan County, Utah.

Snowball #6 Vent (LaSal/Snowball) (Reclaimed vent hole) – Located in the southwest quarter of the northwest quarter of Section 6, Township 35 South, Range 11 East, San Juan County, Utah.

The disturbed areas for the vent holes unnamed #7 and Snowball #5 are approved and bonded under the Pandora and LaSal/Snowball Mine permits and bonds as specified above. The Snowball #6 venthole will need to be added to the LaSal Bond. A map showing the locations of these vent holes is provided in Attachment A. A description of the proposed maintenance activities and the proposed reclamation at the venthole sites is included in Attachment B. A proposed surety estimate for Snowball #6 is included as Attachment C.

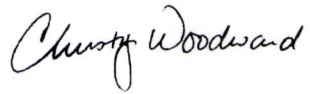
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DIV. OF OIL, GAS & MINING

Please contact me directly if you have any questions or would like additional information 303.389.4136.

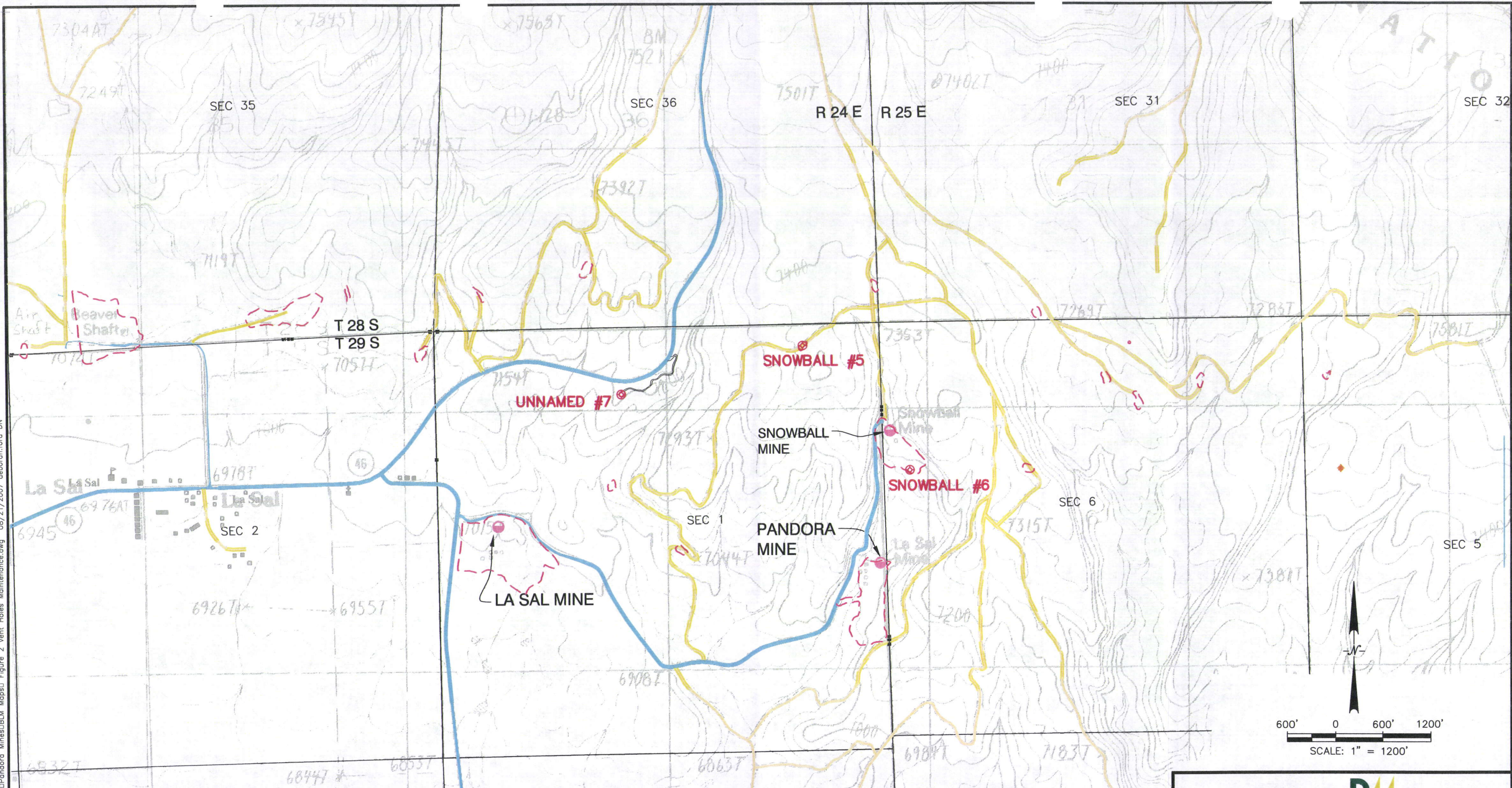
Respectfully,

A handwritten signature in black ink that reads "Christy Woodward". The signature is written in a cursive, flowing style.

Christy Woodward
Environmental Coordinator
Denison Mines Corp.

CC: Denison File
Terry V. Wetz

S:\Project\DU\SA\PA214.002 CADD GIS support\Pandora Mines\BML Maps\D Figure 2 Vent Holes Maintenance.dwg 08/21/2007 deborah.ford DN



LEGEND

- | | | | |
|--|--|--|-------------------------------|
| | DISTURBED AREA | | EXISTING MINE PORTAL |
| | EXISTING PERMANENT ROADS
(FROM USGS TOPO) | | VENT HOLE NEEDING MAINTENANCE |
| | EXISTING TRAILS
(FROM USGS TOPO) | | SHAFT |
| | SECTION LINES | | SECTION NUMBER |

Utah State Plane Coordinate System
South Zone, NAD 27

Contour Interval = 40 Feet

from USGS 7.5 minute Quadrangle Sheet
La Sal East & La Sal West, Utah
Provisional Edition 1987



Project		LASAL MINES			
County: San Juan		State: Utah	Location: Parts of R 24 E & R 25 E, T 28 S & T 29 S		
DSGN: DMF	DRN: DMF	DATE: 08/21/2007		REVISION:	

FIGURE 2
VENT HOLE MAINTENANCE MAP

Prepared By: TETRA TECH EM INC.

Doug Jensen, Reclamation Specialist

Re: Responses on Reclamation Surety Reviews: Rim - Columbus Mine, Permit M/037/006; Pandora Mine, Permit M/037/012; LaSal-Snowball Permit M/037/026; Hecla Shaft Permit M/037/043.

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The table assigns a total of nine vent holes to the Pandora permit and 15 vent holes to the LaSal-Snowball permit, which corresponds with the actual permit designations according to Mr. Hedberg's analysis. Although a number of the vent holes are named "Snowball" vents on the map submitted by the Operator, they are actually more closely associated with the Pandora mine and have thus been designated as Pandora vent holes.

Your letter states that the existing surety for closure of vent holes is for eight holes under the Pandora permit and ten holes under the LaSal-Snowball permit. Understandably, the surety will need to be revised to allow for closure of the additional vent holes. Please note that three holes have been reclaimed (Snowball #6, Snowball #4, and one hole south of Snowball #4). The remaining number of unreclaimed holes to be added to the updated surety estimate is **three**.

Scaling from your General Location Map for permits M/037/012, M/037/026, M/037/043, M/037/046 there is approximately 25,000 linear feet of power line associated with these 19 vent holes. If this number is correct, additional footage will need to be included in the surety to reflect this increased total.

Response: Based on actual field inspection by UP&L personnel in May 2005, the footage of power line which remains the responsibility of the Operator is almost zero. The **only** segments of power line which remain under the ownership of the Operator are:

- Approximately 120' feeder into vent hole 1050;
- Short segments from each metering point/transformer platform to the Operator's facility/switchgear. These lengths are not shown on the map, and can be estimated at ~50' for each site where line power is delivered.

Based on the recent update by UP&L, the amounts estimated for power line removal in the reclamation sureties should be eliminated.

Only 6 of the sites show that there are transformers to be removed (three sites show that transformers have been removed), is this number correct?

Response: The GENERAL LOCATION MAP is generally correct and portrays the current status of transformers at vent sites. At some vent holes transformers have been removed, at other sites power is provided from within the mine (hence no transformers on the surface), and in a one case, there is no power at all to one vent hole as it circulates by natural convection.

For the LaSal-Snowball and Pandora permits combined, the map currently shows a total of 10 vent sites that still have transformers. For purposes of surety estimation, the assumption should be used that all the transformers are the Operator's property.

The transformer inventory submitted to the Division December 2002 indicates that a total of 10 vent holes still had transformers at that time, which number is correct? This inventory indicates a total of 64 transformers are located at the sites at LaSal, is this correct? The surety will need to be adjusted to account if these items have been removed. The cost for the removal of the transformers that show PCB contamination will need to be adjusted to reflect the special handling required.

Doug Jensen, Reclamation Specialist

Re: Responses on Reclamation Surety Reviews: Rim - Columbus Mine, Permit M/037/006; Pandora Mine, Permit M/037/012; LaSal-Snowball Permit M/037/026; Hecla Shaft Permit M/037/043.

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ASSIGNMENT OF VENT HOLES TO PERMITS

<u>Vent Shaft / Name</u>	<u>Location</u>	<u>Mine/Permit</u>
1. Hecla 7' Vent	Hecla Mine Yard, NE/NE Sec. 6	Hecla Shaft
2. 2400 Vent	SE Sec. 34, near Section line	LaSal/Snowball
3. 1800 Vent	1250' west of Beaver Shaft	LaSal/Snowball
4. 1301 Vent	400' southwest of Beaver Shaft	LaSal/Snowball
5. 1280 Vent	200' south of Beaver Shaft	LaSal/Snowball
6. Beaver Shaft	Beaver Shaft	LaSal/Snowball
7. 1050 Vent	West edge of east Beaver waste dump	LaSal/Snowball
8. 900 Vent	East of east Beaver waste dump	LaSal/Snowball
9. 700 Vent (plugged)	N. of highway, close to NE corner Sec. 2	LaSal/Snowball
10. 500 Vent	N. of highway, close to SW corner Sec. 36	LaSal/Snowball
11. 2200 Vent	N. of highway, SE/SW Sec. 36	LaSal/Snowball
12. Unnamed 7'	S. of highway, NE/NW Sec. 1	Pandora
13. 2300 #1 Vent	1500' NE of LaSal portal	LaSal/Snowball
14. 2300 #2 Vent	Midway between LaSal & Pandora portals	LaSal/Snowball
15. Snowball #5 Vent	NE/NE Sec. 1, 1500; NW of Snowball portal	LaSal/Snowball
16. Unnamed 7'	1800; N. of Snowball portal, on Sec. 36/31 line	LaSal/Snowball
17. Snowball #6 (reclaimed)	Off SE toe of Snowball dump	Pandora
18. Snowball #3	1800' east of Snowball portal	Pandora
19. Unnamed 5' Vent	SE/SW Sec. 31, close to Sec. 31/6 line	LaSal-Snowball
20. Snowball #1	West vent in cluster N. Sec.6	Pandora
21. Unnamed 7' Vent	North vent in cluster N. Sec. 6	Pandora
22. Snowball #4 (reclaimed)	South vent in cluster N. Sec.6	Pandora
23. Reclaimed vent @ Snowball #4 Location	South vent in cluster N. Sec. 6	Pandora
24. Unnamed 40" Vent	East vent of cluster in N. Sec.6	Pandora
25. Pine Ridge	Easternmost vent, in edge of Sec. 5	Pandora

- Snowball #6 is bonded
- Not all of vent holes in LaSal/Snowball are bonded